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SANDY HILL: The Iran arms deal. This is not the first time that the United States has secretly supplied weapons to a foreign country. The CIA was doing it ten years ago in Angola. Arms were funneled through Israel. And if that sounds familiar, this will too. There were secret bank accounts. A major difference between Iran and Angola, though: the Congress approved CIA actions in Angola, not so in Iran.

The covert Angola operation is described in a book, "In Search of Enemies: A CIA Story." The author, John Stockwell, who worked for the CIA and was chief of the Angolan Task Force. And he is joining us this morning to tell us how these covert operations are run.

And many of us will look forward to the opportunity of being taken out of this murky land and try to understand.

You said, though, as we sat down here, you've never had so much fun reading the newspaper in years. Strong sense of deja vu.

JOHN STOCKWELL: But fun, also sadness. We made mistakes in the Angolan operation. Even though the Congress was involved in the proper way, we lied to them about details. So we broke the law, too.

HILL: Purposefully lied.

STOCKWELL: Purpose -- to cover up illegal activity.

HILL: Let's deal with this, the money, which everyone wants to follow a little bit. In your operation, how high a

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level did you have to go? What was the level of authority that sanctioned movement of money?

STOCKWELL: The National Security Council. Henry Kissinger, the Secretary of State, then was dominant in our foreign affairs. He was approving everything we did in principle. The National Security Council was supervising it. They had a subcommittee set up to supervise it. And you have auditors who are bird-dogging the money.

In the current operation, they're doing it -- Colonel Oliver North was outside of the bureaucracy that's structured to have controls to do these things properly. But at the same time, there still are controls.

HILL: But let's go back to your operation. Okay. You say there were auditors bird-dogging the money. So, at your level, how much money could you sign for, in fact?

STOCKWELL: None, without the controls. You have to go to the Office of Finance. You have to make up the forms. They have to be approved.

If you're getting into large sums of money, the subcommittee has to meet and decide and approve it, or the CIA Director, or the people right under him.

HILL: An increment of money so small as a matter of thousands of dollars.

STOCKWELL: Sure.

HILL: You still have to have the OMB right there bird-dogging it to insure...

STOCKWELL: You have to have -- you have a process...

HILL: It's just fascinating.

STOCKWELL: Yes. Yes.

HILL: So, how high a level do you think was involved with Colonel North, in terms of the amounts of money here?

STOCKWELL: I think the approvals -- it was set in motion by William Casey. That's clear. He wrote the memo at the outset advising Mr. Reagan keep it away from the Congress. And then he bowed out of it so that he would have plausible denial now. This is what Mr. Casey is doing now.

But as the operation was approved and set up and then it

began to run, Poindexter, Admiral Poindexter certainly supervised Colonel North's activities. Donald Regan certainly would have known what was happening in the White House. And for the dynamics of the nature of President Reagan, his interest in these things, his obsession with Nicaragua, certainly he knew and was involved.

HILL: Can we clarify for a moment here? Because almost from the beginning, the CIA has said, "Yes, we had the account set up." I mean everyone -- there's concern that the shipment of arms to Iran, they were involved in. It's the money that came from some of those arms, that 10 to 30 million dollars, that no one seems to know where it went, what Swiss account it ended up in.

What's your best guess, which it is -- ten years have elapsed, or more, since you were involved -- what's your best guess of where that is or what happened to it and how it was diverted?

STOCKWELL: Well, it appears the profits the diverted through the Israeli arms dealers to accounts in Switzerland which the CIA had set up. The accounts apparently, from what I'm reading, being in Colonel North's name.

HILL: Okay. Well, Colonel North, retired General Secord, and...

STOCKWELL: Secord and...

HILL: ...Hakim.

STOCKWELL: Yeah, and Albert Hakim.

HILL: Okay.

STOCKWELL: Now, this is getting very, very murky. For one thing, leave us not forget that the head of the Drug Enforcement Administration has said publicly that the Contras are known to be smuggling drugs. Let's not forget, also, that the 27 million in humanitarian aid is being investigated by the OMB now, and they're reporting that large sums are missing, have been diverted. And now you have \$30 million, perhaps, deposited not in a U.S. Government official account, but in the private names of one person working for the White House and two others who are not associated...

HILL: There's so little time, and it only adds to the confusion, doesn't this? We know all of these things, or learned some of the things going on.

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You are very angry, really, that Poindexter and North have chosen to take the Fifth Amendment.

STOCKWELL: No, they cannot do that, even if they have to go to jail. These are officers in our military. Especially Colonel North, wearing his uniform, he cannot plead the Fifth in uniform.

HILL: John Stockwell, thank you.